

# 2006 Business Plan

## Orange County Assessor Department

Revised March 2006



**Webster J. Guillory**  
*Orange County Assessor*

*Serving the citizens of Orange County by valuing all legally  
assessable property with uniformity and impartiality*

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## **I. EXECUTIVE SUMMARY**

The County Assessor is the elected official mandated by the California Constitution to value all taxable property located in the county and produce an annual assessment roll of value. The annual “roll” is the official listing of the taxable value, location and ownership of all locally assessed property.

The Orange County Assessor serves the second largest county in the state in terms of the number of properties assessed and total assessed value. The workload continues to grow in volume and complexity as the County matures.

### **1.1 Mission**

Our mission is to serve the citizens of Orange County by valuing all legally assessable property with uniformity and impartiality, to produce assessment rolls in accordance with the laws of the State of California, and help property owners understand their property valuations.

### **1.2 Department Overview**

The Assessor Department’s organizational structure consists of seven operational projects. Project teams work together to value property, produce assessment rolls, process exemptions and provide assessment information.

#### ***BUSINESS PROPERTY***

Audits, appraises, assesses and maintains records on all business personal property, trade fixtures, leased equipment, boats and aircraft located in Orange County.

#### ***REAL PROPERTY***

Appraises real property, new construction and reassessable changes in ownership, and maintains records on all real property parcels including residential, commercial, rural, industrial and special use properties.

#### ***ROLL SUPPORT***

Reviews and maintains recorded documents evidencing a change in ownership of real property, prepares Assessor parcel maps and processes Homeowner, Veteran and Institutional exemptions.

#### ***QUALITY ASSURANCE***

Provides appraisal methodologies, procedures, training and quality control for roll production, audit/appraisal and paraprofessional staff.

#### ***COMPUTER SYSTEMS***

Provides programming and data processing services, system security and technical services to support the development of the assessment rolls of value.

#### ***MANAGEMENT SERVICES***

Provides fiscal management, process integration, contract administration, procurement and personnel services, general department administration and public service support to the public and other government agencies.

#### ***SPECIAL PROJECTS***

Focuses on specific projects including Assessment Tax System (ATS) Re-Engineering, Real Property Field Review and other system support and development projects. The source of funding is the State-County Property Tax Administration Grant Program (AB 589).

## COLLABORATIVE EFFORT

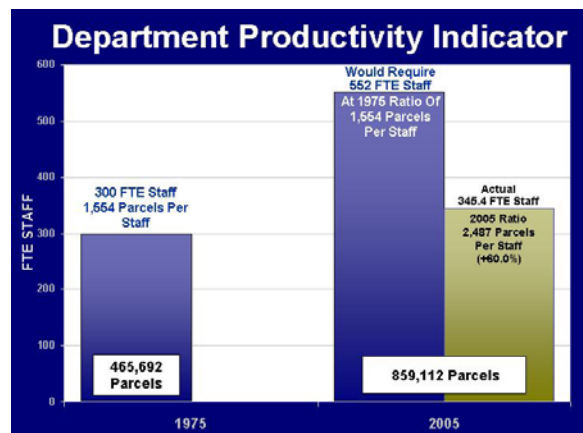
The Department promotes a collaborative and cooperative solution-oriented work environment that encourages participation at every level of the organization.

## PRODUCTIVITY

Strategic investments in technology and a strong commitment to staff development have significantly increased Department productivity by allowing staff to work more effectively.

The number of real estate parcels has grown 84.48% since 1975, from 465,692 parcels to 859,112 parcels in 2005. During the same period, the Assessor's staffing level has only increased 15.8%, from 291 authorized positions to 337.

Staff productivity, as measured by the number of assessed parcels per authorized position, has increased 60% since 1975, from approximately 1,550 parcels per position to roughly 2,500 parcels per position in 2005.



If the department had not realized these productivity gains, approximately 215 additional positions would have been needed to keep pace with the workload. This translated to a significant cost savings

each year. The estimated savings in FY 2005-06 is over \$16 million.

## 1.3 Workload Dynamics

Our workload is defined by external marketplace dynamics. Land development, new construction and the sale of business or real property create work for the Assessor Department.

Economic forces, changes in the law and the public's participation in taxable property markets can have sudden and dramatic impacts on our workload.



## PROPERTY TAX LAWS

County Assessors are required to produce assessment rolls in accordance with all property tax laws. Property tax laws are changing every year.

The State legislature creates new laws or modifies existing laws. California courts and the State Board of Equalization continuously interpret the law. Voters periodically initiate and adopt ballot propositions that impact property tax laws.

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### ***Public Officials Personal Information***

The Public Safety Officials Home Protection Act was adopted in 2002 with AB 2238 (Stats 2002, Ch.621). This law limits the release of certain roll information to protect the privacy of elected officials and public safety personnel. The Assessor continues to be in compliance with all aspects of this law.

On September 22, 2005, the Governor signed into law AB 1595 (Stats 2005, Ch. 343). This law prohibits a person, business or association from publicly posting, soliciting, trading or selling on the internet the home address or telephone number of an elected or appointed official, if notified by a qualified official. Provisions of this bill become effective January 1, 2006.

### ***Change In Ownership - Domestic Partners***

In July 2003, the State Board of Equalization adopted Property Tax Rule 462.040 that implemented new provisions for the valuation of certain changes in ownership.

In September 2005, the Governor signed into law SB 565 (Stats 2005, Ch. 416) that excludes from the definition of "change in ownership" any transfer of property between registered domestic partners. Under the new law, such transfers of property will not be reassessed. Historically, only transfers of property between a husband and a wife were excluded from reassessment.



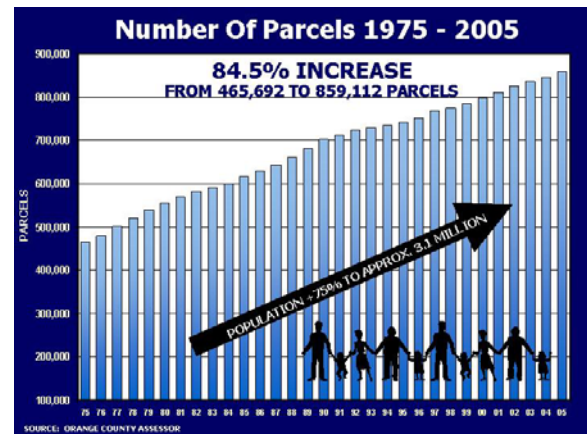
### **TOTAL NET ASSESSED VALUE**

Total net assessed value jumped by over \$30.6 billion, from \$308.6 billion in 2004 to \$339.2 billion in 2005. The 2005 increase is greater than the County's \$27.6 billion total assessed value in 1975.

The overall value increase is 9.9% in 2005, compared to 8.7% in 2004.

### **LAND PARCEL BASE**

Orange County's land parcel base grows steadily as real estate parcels are divided through the development process. More than 13,000 new parcels were created in 2005. Similar parcel growth is anticipated in 2006.



### **BUSINESS PERSONAL PROPERTY**

Business personal property, leased equipment, marine vessels and aircraft are valued on the unsecured assessment roll. The number of unsecured property assessments has increased slightly, from 165,800 assessments in 2004 to 168,300 assessments in 2005. However, the total value of unsecured property assessments has remained relatively flat at around \$18.0 billion.

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## 1.4 Statewide Comparison

Orange is the second-largest county in the state, with a population of over 3,017,000 residents, 1,027,000 roll units and more than \$339 billion in total assessed value. Median *family income* remains among the highest in the state, at approximately \$77,400 in 2005.

Relatively low interest rates and significant market activity have continued to bolster the County's *median home price*. The County's median reached a record high of \$617,000 in August 2005, but has fallen off slightly to \$606,000 in October 2005.<sup>1</sup>

## 1.5 Operational Plans and Challenges

Our workload volume and mix varies with external economic forces and real estate market conditions. The Department develops and implements strategies collaboratively to meet new challenges, and produce annual assessment rolls.



Operational plans are designed and implemented to address roll production, technology enhancements, public service demands and staff development requirements.

The Department will meet challenges in 2006 by continuing to be prepared, diligent, alert, flexible and responsive. Specific strategies will be developed to address changing conditions.

The Department is known to be proactive and broadly consistent in valuation, and in providing services and inquiry support to the public. Each service element presents challenges the Department will face in 2006.



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<sup>1</sup> Source: DataQuick Information Systems

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## II. MISSION & GOALS

Our mission is to serve the citizens of Orange County by valuing all legally assessable property with uniformity and impartiality, to produce assessment rolls in accordance with the laws of the State of California, and help property owners understand their property valuations.

Taxable value is the basis for property tax assessments that provide funding for schools, police and fire services, libraries, parks, infrastructure and other essential operations. Services and facilities provided by public agencies play a key role in making Orange County a desirable location for residents, businesses and visitors.

The Department strives to equalize the assessment process by providing equal consideration to all property owners and applying the same valuation rules and principles to all properties.

The California Constitution governs the assessment process. The Constitution defines taxable property, specifies conditions under which property should be reassessed, limits increases in taxable value and identifies property tax exemptions.

The property tax assessment process can be confusing to property owners. Many owners are not aware of the property tax laws, exemption programs and filing requirements that can impact their assessment. Providing public service and assessment information is a primary function of Department operations.

### 2.1 GOAL

#### *Identify and properly value all taxable property in Orange County*

Our primary goal is to identifying and properly valuing all taxable property in Orange County. To accomplish this goal, we determine the location, description, taxable value and legal owner of every land parcel and all taxable business personal property physically located in the County on the “January 1” lien date.

Assessors are mandated by the State constitution to identify and determine the taxable value of property located within their respective counties. The Revenue and Taxation Code, Article VI, Section 616 requires Assessors to complete the local assessment roll and certify every year that they have:

- Made diligent inquiry and examination to ascertain all the property within the county
- Affirmed that property assessed on the roll has been valued under the provisions of California property tax law, according to the Assessor's best judgment, information and belief
- Faithfully complied with all the duties imposed on the Assessor under the revenue laws
- Not imposed an unjust or double assessment through malice, ill will, or otherwise
- Not allowed anyone to escape a just and equal assessment through favor, reward or otherwise



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## REAL PROPERTY FIELD CANVASS

Proposition 13 was adopted in 1978, and redefined the basis for the reassessment of real property.

Prior to Proposition 13, the taxable value of property was the market value on lien date. The Assessor canvassed the county regularly to determine the market value or “ad valorem” value of real property.

Under Proposition 13, value increases are limited to an annual increase of up to two-percent (2%) to adjust for inflation, unless the property experienced:

- New construction
- A change in ownership
- Restoration due to temporary value reduction(s) in prior year(s)

Since Proposition 13 was adopted, County Deputy Appraisers physically inspect and appraise property only in response to a building permit or another triggering event.

As a result, a real property field review has not been performed in Orange County for over 25 years. The county has undergone significant development during this period of time, and a physical review is necessary to verify, update and correct property records as needed.

The Assessor will use a portion of the State-County Property Tax Administration Grant (AB-589) to perform a real property field review of the County.

The FY 2005-06 State Budget and the proposed FY 2006-07 budget do not provide funding for this grant program. Grant reserves from prior years should provide sufficient funding to carry the project into FY 2007-08. We anticipate that about half of the parcels in the county can be reviewed before additional funds are required.

The overall scope and results of this project may be impacted by the availability of County and additional grant funds.



Objectives of the field review are to:

- Discover improvements on residential parcels that have escaped assessment
- Determine if property is impacted by a nuisance and update property record for market comparison purposes
- Determine if property has a view and update property records for market comparison purposes
- Update cluster tract parameters for market comparison purposes
- Obtain a digital photo of each property to be added to the property record for market comparison purposes

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## KEY OUTCOME INDICATORS

Assessor Department key outcome measures included in this Business Plan are designed to identify and report efforts made in producing local assessment rolls. Other strategic goals will be pursued. The following performance measures focus on major elements of the assessment process.

Performance Measure	FY 2004-05 Results	FY 2005-06 Plan	FY 2005-06 Anticipated Results	FY 2006-07 Plan	How are we doing?
<b>VALUE ALL TAXABLE PROPERTY IN ORANGE COUNTY</b> <b>What:</b> Fulfills the Assessor's Constitutional mandate <b>Why:</b> Implements the provisions of Proposition 13 and other property tax laws.	Valued 859,112 real property parcels and 168,342 business and personal property accounts.	Value an estimated 870,000 real property parcels and 170,000 business and personal property accounts.	Value an estimated 870,000 real property parcels and 170,000 business and personal property accounts.	Value an estimated 880,000 real property parcels and 170,000 business and personal property accounts.	We are continuing to respond to market dynamics and shifts in the workload.

Performance Measure	FY 2004-05 Results	FY 2005-06 Plan	FY 2005-06 Anticipated Results	FY 2006-07 Plan	How are we doing?
<b>PUBLISH THE SECURED AND UNSECURED ASSESSMENT ROLLS OF VALUE EVERY JULY</b> <b>What:</b> Fulfills the Assessor's Constitutional mandate <b>Why:</b> Establishes the basis for property tax assessments that fund schools and local government services.	Published the secured and unsecured assessment rolls in July 2005.	Publish the secured and unsecured assessment rolls in July 2006.	Publish the secured and unsecured assessment rolls in July 2006.	Continue to publish the secured and unsecured assessment rolls in July of every year.	We are in the process of valuing all taxable property in the County for the FY 06-07 assessment rolls of value.



<b>Performance Measure</b>	<b>FY 2004-05 Results</b>	<b>FY 2005-06 Plan</b>	<b>FY 2005-06 Anticipated Results</b>	<b>FY 2006-07 Plan</b>	<b>How are we doing?</b>
<b>APPLY TAXABLE VALUE RESTRICTIONS ADOPTED BY CALIFORNIA VOTERS</b> <b>What:</b> Restricts taxable value based on qualifying events <b>Why:</b> Implements Prop. 13 and other constitutional limitations on the taxable value of property.	The taxable value of eligible parcels is restricted by Prop. 13, Prop. 8 and other constitutional value restrictions that provide temporary reductions.	Apply taxable value restrictions to all eligible properties in accordance with property tax laws.	Apply taxable value restrictions to all eligible properties in accordance with property tax laws.	Continue to apply taxable value restrictions to all eligible properties in accordance with property tax laws.	We evaluate Prop. 8 parcels annually, and process claims and application forms on a continuous basis.

<b>Performance Measure</b>	<b>FY 2004-05 Results</b>	<b>FY 2005-06 Plan</b>	<b>FY 2005-06 Anticipated Results</b>	<b>FY 2006- 07 Plan</b>	<b>How are we doing?</b>
<b>IMPLEMENT HOMEOWNER, VETERAN &amp; INSTITUTIONAL EXEMPTIONS FOR ELIGIBLE INDIVIDUALS AND ORGANIZATIONS</b> <b>What:</b> Limits or reduces taxable value, as mandated by the State Constitution <b>Why:</b> Qualifying individuals and organizations receive the tax-saving benefits of these exemptions.	More than 500,000 Homeowner, Veteran and Institutional exemptions were enrolled.	Implement exemptions in accordance with property tax laws.	Implement exemptions in accordance with property tax laws.	Continue to implement exemptions in accordance with property tax laws.	We process claims and application forms on a continuous basis.

Performance Measure	FY 2004-05 Results	FY 2005-06 Plan	FY 2005-06 Anticipated Results	FY 2006-07 Plan	How are we doing?
<b>CONTINUE TO PRODUCE LOCAL ASSESSMENT ROLLS THAT MEET LEGAL QUALITY STANDARDS ESTABLISHED BY GOVT. CODE SECT. 15640 &amp; 15642</b> <b>What:</b> The State Board of Equalization conducts periodic Assessment Practices Surveys to determine if local assessment rolls meet statewide legal quality standards. <b>Why:</b> Allows the County to recover the administrative cost of processing supplemental assessments	<p>In the most recent survey, Orange County's assessment roll exceeds legal quality standards:</p> <p><i>Minimum legal quality rating: 95.0%</i></p> <p><i>Orange County quality rating: 98.6%</i></p> <p>Orange County will continue to recover our costs.</p>	<p>Continue to produce assessment rolls in accordance with property tax laws, and exceed the minimum legal quality rating of 95.0%.</p>	<p>Continue to produce assessment rolls in accordance with property tax laws, and exceed the minimum legal quality rating of 95.0%.</p>	<p>Continue to produce assessment rolls in accordance with property tax laws, and exceed the minimum legal quality rating of 95.0%.</p>	<p>The Orange County Assessor and staff continually monitor the status of property tax laws and state rules.</p> <p>Property assessment practice is modified to implement changes in the law.</p>

## 2.2 GOAL

### *Make property valuation information more accessible and easier to understand*

Our goal is to help residents, businesses and organizations understand their property tax valuations by providing accurate information in a timely and courteous manner. Assessor Department staff will provide public service support for over 150,000 telephone inquiries and 25,000 walk-in customers in 2006.

The Department will continue to strive to meet the informational needs of our clients while safeguarding privileged and confidential data. The assessment roll

includes certain information that is, by law, public information. Other property-specific information is protected by law, and is only available to the property's legal owner or an authorized representative.

#### ***Assessment Roll Information***

In 2004, a new assessment roll research system was implemented in the Department's Public Service Center. Customers can search, view and print public roll information, assessor parcel maps and mailing labels. The system incorporates touchscreen technology to make navigation more intuitive and user-friendly. Additional refinements and enhancements were made in 2005.

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### ***Assessor Department Website***

The Assessor's website provides general assessment information, forms, a list of important dates, answers to frequently asked questions and information on tax saving programs. The site had over 4.3 million hits in FY 2004/05, with an average of 12,000 hits per day.

The current website was launched in February 2001, and is in the process of being reviewed and redesigned.

The new website will be available in Spring 2006. Additional e-Forms and e-Services may be implemented through Fall 2006.

#### ***Goals for the new website:***

- Information will be easy to find
- Information will be easy to understand
- Information will be accurate, current and relevant

To protect the privacy of property owners, and to comply with California law, no information on individual properties will be posted on the website.

## **2.3 GOAL**

### ***Enhance operational efficiency and productivity by implementing new technology, policies and procedures***

#### ***Assessment Tax System Re-Engineering***

The Assessment Tax System (ATS) is the central program used by the Orange County Assessor and other property tax administration departments to prepare, deliver and support property tax assessments. ATS is operating on outdated hardware and software systems that must be replaced within the next two years. A

complete reengineering is required to prevent eminent operational and functional obsolescence.

ATS is a multi-phase mainframe application implemented by the Assessor Department in 1987, 18 years ago. ATS has more than 1,500 programs and 1,400,000 lines of programming code used to compile, process and produce property tax assessment rolls. The system contains more than 92,000,000 database records, and averages over 100,000 on-line transactions every day.

ATS was developed using the IDEAL program language for mainframe application. IDEAL has become obsolete, and the availability of system support and experienced programmers is extremely limited.

A modern and well-supported ATS is essential to the Assessor Department's daily operations. The ATS reengineering work will be a phased multi-year project, involving both program coding and hardware and software procurement.

The ATS II upgrade will be implemented with a new database structure that will provide appraisers with an integrated source of information. Parcel maps, aerial photos, digital photos of improvements, deeds and comparable sale information will all be accessible through ATS II.

ATS II should also be migrated to a new hardware platform to address critical operational, performance, data security, costs, and public interface requirements. Conversion and implementation of an ATS upgrade is essential to the County's property tax assessment and collection process.

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### ***Computer System Integration***

The Assessor Department's processing systems were developed and implemented in the late 1980's. While the programming and technology were state-of-the-art at the time, the programming language and technology have become outdated.

Information is maintained on several stand-alone systems that have limited interaction capabilities. Gathering information from various systems slows our production rate because data elements needed to determine assessed value reside in different systems.

The ATS II upgrade will integrate assessment information, workflow components and add functionality, and will increase processing speed. A geo-based parcel record will integrate assessor parcel information with other property elements, such as the building record.

*System enhancements are subject to funding availability.*

### ***Geo-Based Parcel Records***

Every real estate parcel in the County has a unique parcel number and is defined on an assessor parcel map. Parcel maps are created electronically from recorded documents using computer-aided drafting (CAD) system software. Maps are created, viewed, archived and printed on the CAD system, but cannot currently be integrated with other applications.

Geo-based parcel records will integrate assessor parcel maps with building improvement data to provide comprehensive property information. The State Board of Equalization is considering mandating California Assessors to establish a geo-based identifier as the parcel number within the next two to five

years. The Assessor is reviewing the use of geo-based parcel records in other counties.

Evaluation and analysis have been ongoing.

### ***Electronic Filing For Business Property Statements (BPS)***

Businesses that operate in California are required by law to report business personal property holdings to the County Assessor in which the property is located. Property is reported annually on standard Business Property Statement (BPS) forms approved by the State Board of Equalization.

In 2001, the Orange County Assessor was the first in California to implement an e-Filing system for BPS's. The e-Filing system is an interactive system that is well suited to small to mid-sized businesses that operate within one county.

Since its inception four-years ago, e-Filing usage has roughly doubled every year. In 2005, approximately 19,500 or 20% of Orange County's BPS's were submitted using the e-Filing system.

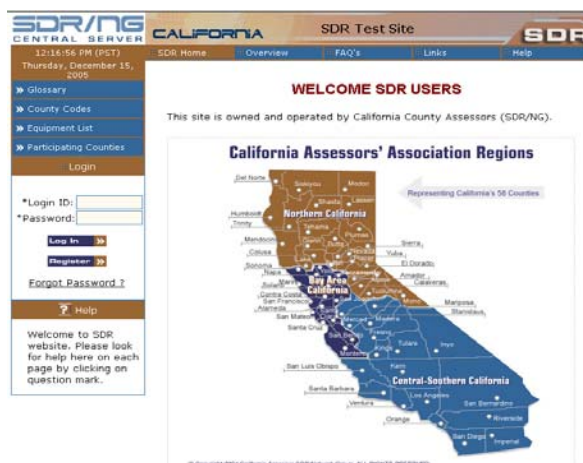
Electronic filing has substantially improved the BPS handling process, and provided business efficiencies for this handling this annual workload. Electronic filing eliminates most aspects of handling paper documents. Valuation and processing time for electronic statements is reduced by approximately 35%, our workflow process removes most data entry and enhances workflow functions through automation.

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## ***Standard Data Record (SDR)***

The Standard Data Record (SDR) electronic filing system is a cooperative effort initiated and coordinated through the California Assessors Association (CAA). The SDR system is designed for mid-size to large businesses that may have operations in more than one county, and for tax representatives that file property statements on behalf of clients.

This SDR system provides efficiency gains to larger and more complex business filers that file in many counties. Development of this system has been a collaborative effort, with the public and private sectors.



The Orange County Assessor was appointed the SDR coordinating Assessor by the California Assessors' Association, and has taken the lead role in system development. Currently 36 of the 58 counties in California are participating in the SDR project. These counties receive approximately 93% of all the BPS's filed throughout the State.

This project has broad interest and support from the State Board of Equalization, business owners, and industry tax representatives throughout the State.

## **2.4 GOAL**

### ***Encourage employee development by providing access to relevant training opportunities***

The Assessor's work is complex, detailed and technical in nature. Staff is required to participate in training opportunities to meet legal mandates, gain the skills needed to achieve job proficiency and acquire new skills to enhance productivity.

The Department maintains a central training database that tracks training hours for each staff member. Appraisers and auditor-appraisers must be certified by the State Board of Equalization to value property for property tax purposes in the State of California. To be certified, staff is required to pass a qualifying examination *and* complete appraisal-related training each year.

The State Board of Equalization issues appraisal certificates and monitors compliance with continuing educational requirements. For fiscal year ending June 30, 2005, our training records indicate that *all* appraisers and auditor-appraisers met continuing education requirements.

The Department encourages participation in the County's expanded educational and professional development program. Many staff members have identified PIP goals that incorporate training objectives and have taken advantage of the tuition reimbursement program.

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### III. OPERATIONAL PLANS

Department operations focus on our primary goal of producing local assessment rolls in accordance with California property tax laws. Enhanced technology, staff development, a relatively flat project management structure and empowered project work teams have provided the flexibility needed to accomplish this goal every year.

Specific operational plans are developed and modified as needed. Changes in market conditions and property tax laws can present new and unanticipated challenges. The Department is proactive and *must* look ahead.

#### 3.1 GOAL

*Identify and properly value all taxable property in Orange County*

#### OUR CLIENTS

Every property owner, business owner, city, school district and special assessment district in Orange County are our clients. Owners of approximately 859,000 real estate parcels and 168,000 business operations depend on the Assessor to value their property with uniformity and impartiality, in accordance with the laws of the State of California.

#### Property Owners

Property owners are as diverse as the County itself. There is no "typical" property owner or business owner in Orange County. Buyers, sellers, property owners, businesses, non-profit organizations, developers, Veterans and other client groups often have unique needs.

#### Public Agencies

Public agencies depend on the Assessor to locate and value all taxable property located within their jurisdiction. Property taxes are a major source of revenue for state and local government agencies. Schools, police and fire protection, and other essential services are funded largely by property taxes.

#### Other County Departments

The Assessor, Auditor-Controller, Clerk of the Board of Supervisors, Clerk-Recorder, County Counsel and Treasurer-Tax Collector participate in property tax administration operations for the County. Assessment information is gathered, processed and transmitted as appropriate from one department to another.

Interfacing of assessment information systems is an ongoing effort. We will continue working with other departments to enhance assessment systems and processes in 2006.

#### 3.2 CHALLENGES

The Department's workload mix is impacted by external sources including economic forces, real estate market trends, propositions passed by the people and laws enacted by the state legislature. Market conditions and property tax laws can change significantly from year to year. The Department develops and implements strategies to adapt to these changes and to produce annual assessment rolls.

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## Impact of Economic Forces and Real Estate Market Trends

New development and resale activity typically increases when property values increase. Positive market conditions generally increase the number of:

- New parcels that are created
- Properties that change ownership
- Residential, commercial and industrial properties that are developed



Declining market conditions tend to stifle new development and sales activity, but trigger increases in the number of:

- Applications for assessment appeal and Proposition 8 temporary value reductions
- Property rehabilitations and room additions

## 1990's Real Estate Market Decline

Property values reached a peak in the late 1980's. In the early 1990's prices began to level off or decline slightly in some areas. The Assessor reviewed assessed and market values and made Prop. 8 adjustments for properties that experienced a decline in taxable value.

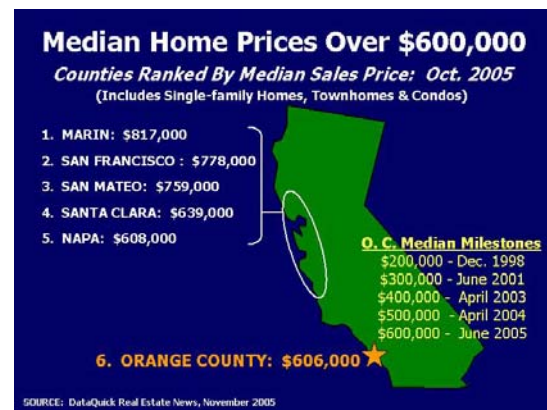
*The market slump caused the number of assessment appeals to jump over 400%*

from approximately 7,800 appeals in 1990 to over 40,000 appeals in 1994 and 1995. When the market is up we have more work, and when the market is down we have a lot more work.

## Recent Economic and Market Conditions

Orange County has enjoyed an extended period of sustained market growth since 1996. Prices have soared to all-time highs in many regions and sectors of the market. In June 2001, Orange County became one of the first Southern California county to reach a median home price of over \$300,000. In just over four years, the median has more than doubled to \$606,000 in October 2005.

Orange is the only Southern California county with a median over \$600,000, and has the sixth-highest median in the state.



The County property mix is changing with the introduction of high-rise residential development. There are currently 33 high-rise residential projects in various stages of planning or development within the County. Projects are clustered around the Anaheim "Platinum Triangle", Santa Ana/Costa Mesa South Coast Metro, and Irvine/Airport/University areas. More vertical and in-fill development is anticipated as the County continues to develop and mature.



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## Different Segments of the Market

Orange County is diverse in its land-use, geographic and socio-economic mixes. There is no "typical" piece of property, property owner or geographic location.

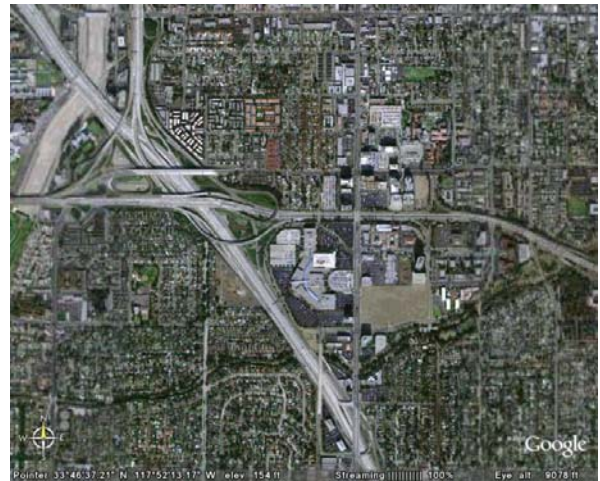


The Assessor is responsible for determining the value of each unique piece of taxable property in the County. From new estates overlooking the ocean to apartment buildings in the inner-cities, from regional shopping and entertainment centers to agricultural land, from boats and aircraft to manufacturing equipment and assembly lines, the Assessor must locate, identify and value it all.

Different types of property may not react the same way to prevailing market conditions. While all property may experience the same downward or upward trend, the impact on market value may vary by property type and location.



Development *is not* homogeneous throughout the County. Local planning authorities determine the mix of residential, commercial or industrial development within that jurisdiction. Variances in average parcel value are primarily attributable to location and property type.



## Propositions Passed By California Voters

Proposition 13 was adopted by California voters in 1978. It established base year values for all real property located in the state, and provided for annual increases of no more than two percent (2%) to adjust for inflation. Increases in assessed value are not limited to two percent (2%) if property has transferred, undergone new construction or has received a temporary reduction in assessed value in prior year(s).

In addition to property tax laws passed by the voters, the Assessor is responsible for interpreting and implementing other property tax laws. The table on the following page summarizes propositions adopted by California voters that impact property tax assessments:

<b>Description of Proposition</b>	<b>Proposition #</b>	<b>Year</b>
Contaminated property that is uninhabitable or unusable <i>[Transfer of base year value]</i>	1	1998
Economic adjustment based on decline in market value <i>[Temporary reduction in taxable value]</i>	8	1978
Property substantially damaged or destroyed by a declared disaster <i>[Transfer of base year value]</i>	50	1986
Parent-Child transfer <i>[Transfer of base year value]</i>	58	1986
Intra-County transfer for owners age 55 or older <i>[Transfer of base year value]</i>	60	1986
Property taken by government action (eminent domain) <i>[Transfer of base year value]</i>	3	1982
Inter-county transfer for owners age 55 or older <i>[Transfer of base year value]</i>	90	1988
Transfer for severely and permanently disabled owners <i>[Transfer of base year value]</i>	110	1990
Calamities with property damage of \$5,000 or more <i>[Temporary reduction in taxable value]</i>	12	1964
Grandparent-Grandchild transfer if both parents are deceased <i>[Transfer of base year value]</i>	193	1996

### **Facing Challenges in 2006**

The Department will continue to meet challenges by continuing to be prepared, diligent, alert, flexible and responsive. Strategies will be developed to address changing conditions.

Market conditions and variables that will shape the short-term outlook for Orange County property values include:

- Consumer confidence and changes in retail and tourism spending
- Employment levels
- Mortgage interest rates
- New development and housing affordability
- Changes in and challenges to property tax law

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Vigilant observation and analysis of economic indicators are essential to recognizing the early warning signals of imminent market shifts. The timing, degree and extent of market-influencing conditions can trigger different reactions in the market.

These variables and unknowns limit our ability to anticipate market trends in 2006. Broad-based contingency planning is an ongoing process, and is an important function in our business and organization.

Overly specific operational plans to address all the variables we may face in 2006 cannot be formulated without considerable speculation. So planning is done within a historical framework based on factors already known.

Assessor Department project operations are structured to respond decisively and appropriately to changes and challenges as they occur.

### **Funding**

The Assessor Department is a General Fund department. The Assessor could not fulfill the constitutionally mandated requirements of the office if Department funding is reduced. The Department staff level has not changed in the last 10 years and the workload continues to grow.

## **3.3 RESOURCES**

This section will provide an overview of Department funding sources and staffing issues.

### **Sources Of Funds**

The Assessor Department determines the taxable value of property in Orange County that serves as the basis for property tax

assessments. The 1% basic property tax levy will provide over \$3 billion for schools, police and fire services, libraries, parks, infrastructure and various other essential County and local government services in FY 2005-06.

As provided by law, the County withholds a portion of property tax revenue apportionments from other jurisdictions as reimbursement for property tax administrative costs<sup>2</sup>. The County anticipates \$9.4 million in reimbursements for supplemental roll costs in FY 2005-06. Overall the Assessor Department is funded by the General Fund.

### **Uses Of Funds**

In FY 2005-06, approximately \$25.5 million or 80% of the Assessor's budget funds the staffing level required to produce assessment rolls. Personnel salaries and benefits are negotiated and contracted on a countywide basis.

Another \$3.3 million, or 10% funds the mainframe computer and data center costs needed to support the Assessment Tax System (ATS), and other assessment production systems. The remaining 10% funds other operating costs, including printing, postage, telephones, equipment and supplies.

### **Staffing Issues**

The Department is currently conducting a salary adjustment review of the Cadastral Technician series. The results of the study may impact up to fifteen (15) positions in the Department.

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<sup>2</sup> Revenue & Taxation Code, Sections 75.60 & 95.3

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### **3.4 STRATEGIES TO ACCOMPLISH GOAL**

The Department will meet challenges in 2006 by continuing to be prepared, diligent, alert, flexible and responsive. The Assessor will utilize the website to keep the public informed of upcoming roll events and property valuation issues. Strategies will be developed to address changing circumstances and conditions.

### **OUTCOME MEASURE**

The Assessor will complete the Secured and Unsecured Property Assessment Rolls in July of 2006, and Supplemental Rolls periodically throughout the year.

### **OUTCOME MEASURE REPORTING**

The completion and certification of the local assessment rolls are openly reported in three ways:

- The Assessor notifies each property owner by mail of the value of his or her real and personal property
- The Assessor transmits local rolls of value to the Auditor-Controller
- The Assessor provides various notices to the State of California and local jurisdictions.

### **CONCLUSION**

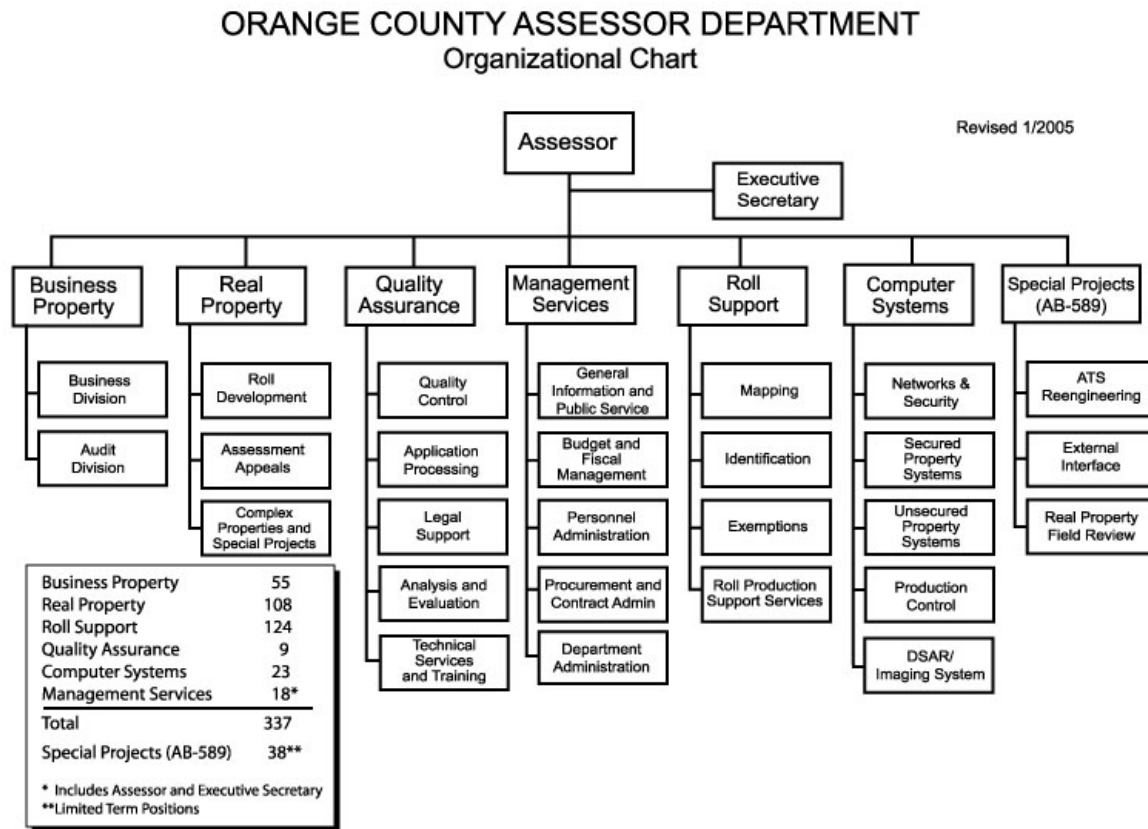
The Assessor will continue to meet Constitutional mandates to uniformly apply property tax laws and rules, and provide services to the citizens of Orange County. Property taxes are a major source of funding for schools, police and fire services, libraries, parks, infrastructure and other essential operations.

The Assessor will continue to work diligently to ensure that assessment rolls are prepared in accordance with the laws of the State of California, and that all legally assessable property is valued with uniformity and impartiality.

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## IV. APPENDICES

### ORGANIZATIONAL CHART



#### **MANAGEMENT TEAM**

The Assessor Department Management Team includes Webster J. Guillory, Orange County Assessor, and twelve Administrative Management positions.

#### **LABOR MANAGEMENT COMMITTEE (LMC)**

The Assessor Department Labor Management Committee meets periodically to identify and resolve workplace issues as needed.

#### **BUSINESS PLAN TEAM**

Members of the Assessor Department Management Team prepare the Annual Business Plan.

#### **ACCOMPLISHMENTS**

- We are the most productive of all urban California counties in terms of roll units worked per appraiser according to the latest report from the State Board of Equalization.
- Staff productivity, as measured by the number of assessed parcels per authorized position, has increased 70%, from 1,550 parcels per authorized position in 1975 to 2,550 in 2005.

# ORANGE COUNTY ECONOMY



DEVELOPMENT



SALES



CONSTRUCTION



BUSINESS

## 2005-06 Local Assessment Roll

- ♦ 859,112 PARCELS
- ♦ 168,300 UNSECURED ASSESSMENTS
- ♦ \$339.2 BILLION TOTAL ASSESSED VALUE
- ♦ 78,600 REASSESSABLE TRANSFERS
- ♦ 33,250 NEW CONSTRUCTION EVENTS
- ♦ 242,700 RECORDED DOCUMENTS REVIEWED
- ♦ 13,800 NEW PARCELS CREATED & MAPPED
- ♦ 503,200 EXEMPTIONS ENROLLED
- ♦ 15,400 PARCELS ARE WHOLLY-EXEMPT
- ♦ 19,700 571-L STATEMENTS e-FILED

SOURCE: ORANGE COUNTY ASSESSOR